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WHA/BSC FOR DOUG BARNES
NSC FOR DAN FISK AND SUE CRONIN
OPIC FOR GEORGE SCHULTZ AND RUTH ANN NICASTRI

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SUBJECT: CODEL MCCONNELL FACT-FINDING MISSION TO ARGENTINA

REF: (BUENOS AIRES 119)

11. SUMMARY: From January 10 to 12, Senator Mitch McConnell (R-KY), accompanied by Senators Mel Martinez (R-FL), Richard Burr (R-NC), and John Thune (R-SD) held a series of fact-finding and orientation meetings in Buenos Aires, Argentina. Following a country team brief chaired by Ambassador Lino Gutierrez, the delegation met with Foreign Minister Jorge Taiana, Minister of Planning Julio De Vido, Minister of the Interior Anibal Fernandez, a group of leading Argentine Senators, and members of the American Chamber of Commerce (AMCHAM). All of the meetings were frank and open, covering a range of issues including trade, economy, security, bilateral relations, internal and regional security, counter terrorism and narcotics interdiction. END SUMMARY.

Meeting with Foreign Minister Jorge Taiana

12. On January 10, CODEL McConnell met with Foreign Minister Jorge Taiana, Deputy Foreign Minister Roberto Garcia Moritan and the Argentine Ambassador to the United States, Jose Octavio Bordon.

13. Opening the meeting, Senator McConnell congratulated the GOA on its remarkable economic recovery during the last three years. He then noted that while the U.S. decision to depose Saddam Hussein was not popular in Argentina, our two countries shared a common interest in combating terrorism as both had been the victims of international terrorist incidents, the U.S. in 2001 and Argentina in 1992 with the bombing of the Israeli Embassy and in 1994 with the bombing of the Argentine Jewish Cultural Center (AMIA). Senator McConnell asked whether the culprits of these crimes would be brought to justice. Foreign Minister Taiana said both attacks remained unpunished and called this lack of justice a "debt we owe to society." He said the fact the cases were unresolved was attributable to failures throughout the GOA but primarily within the Argentine judicial system. He said President Nestor Kirchner was committed to achieving justice and highlighted to the Senators the international connections in the AMIA bombing and the investigative procedures now underway which pointed to the involvement of Senior Iranian government officials and Hizbollah operatives.

¶4. Following up on the subject of international terrorism, Senator Burr thanked the GOA for their cooperation in monitoring the Tri-border region and their participation in the three plus one counterterrorism initiative. He also said the U.S. wanted to support increased economic cooperation and trade integration in the hemisphere. He noted there was a widespread concern that Venezuelan president Hugo Chavez was an obstacle to this integration and asked Taiana how we should proceed so these negotiations were not "hijacked" by a third party. Taiana responded the current political situation in South America was "complex" and in a "state of flux." He conceded that while some of the trends were democratic, there was also the danger of an authoritarian trend. He said that while different nations would take different routes to achieve their goals, it was important to maintain shared values and to cooperate on economic issues.

¶5. Senator Thune noted that Argentina's economic and political recovery increased the GOA's platform for exerting leadership and influence in countries such as Bolivia and Venezuela. Taiana said the situation in Bolivia was "difficult and unprecedented." He said Bolivia had many difficulties to overcome and that the GOA was "obviously" interested. In addition to the impact on the Argentine border region, he opined that the outcome of events in Bolivia could have a major influence on Peru, Ecuador and even Colombia.

¶6. Senator Martinez stated the GOA should continue to insist on democratic values throughout the hemisphere. Taking note of the GOA's strong support of human rights, he urged Taiana (who himself had been an imprisoned dissident) to publicly recognize the role of dissidents in countries such as Cuba and their efforts to achieve a democratic society.

Meeting with Executives of US Firms

¶7. Members of the CODEL met Minister of Planning Julio De Vido to discuss a wide range of economic issues (septel) and attended a working lunch hosted by the local American Chamber of Commerce (AMCHAM). The lunch was attended by the presidents and executives of many of the largest U.S. companies operating in Argentina including General Motors, Merck, Monsanto, Nextel, Coca-Cola, Esso and CMS Energy. The businessmen discussed Argentina's economic crisis and recovery, and provided the Senators with a clear view of the opportunities and obstacles they face in Argentina. The businessmen all agreed that while there were great investment and business opportunities in Argentina, the Kirchner government's sometimes hostile stance toward business, frequent changes in regulations, enforcement of utility rate caps, and the charging of high retentions on exports all negatively impact the business climate and limited direct foreign investment. While many sectors were doing well as the Argentine economy grew at a blistering pace, others--notably the energy and power sectors--had significant problems. The Senators promised to raise the businessmen's concerns in the rest of their meetings in Argentina and to share what they had learned back in Washington.

Meeting with Members of the Argentine Senate

¶8. The CODEL met with Argentine National Senators Miguel Angel Pichetto, Jose Pampuro, Jorge Capitanich, Mario Daniele and Luis Viana. Senator Pichetto from Rio Negro is the head of the ruling Peronist Party (PJ) bloc. Jose Pampuro is the former Defense Minister and was First Lady Cristina Fernandez de Kirchner's running mate in the October elections in Buenos Aires province. Jorge Capitanich from Chaco is the President of the Budget and Treasury Committee. Mario Daniele from Tierra del Fuego is the head of the Intelligence Committee. Luis Viana was just elected to his

first term as a National Senator from Misiones province.

¶9. Senator Pichetto thanked the CODEL for their visit and explained the functioning of the Argentine Senate. The Argentine Senators discussed the budget process, political campaigning and typical weekly schedule for the Argentine Congress. There was a frank discussion on the similarities and differences between the U.S. and Argentine Senate.

¶10. Senator Burr noted the good relations between the U.S. and Argentina and on the need for close cooperation between the two nations in the war on terror. Senator Pampuro highlighted the close security cooperation he had as Defense Minister with U.S. Secretary of Defense Rumsfeld. He noted that 60 percent of Argentina's military budget is spent in the Tri-border region that has been a focus of U.S. and multinational counterterrorism efforts for several years. Senator Viana, from Misiones Province, on the Argentine side of the Tri-border, reiterated the importance of U.S. and Argentine counterterrorism cooperation.

¶11. Senator McConnell raised the issue of the 1994 AMIA bombing in Buenos Aires and asked about the status of the investigation. Pampuro replied that although it is widely known who was behind the attack, the goal of finally getting convictions has been a judicial problem. Pichetto noted that the roots of the AMIA bombing are in the Middle East and there is a limit to Argentina's ability to prosecute those responsible because they are no longer in Argentina. Pampuro noted that the AMIA case is not a big issue currently in Argentine politics, but at the same time the GOA could not ignore the plight of the victims' families that are still seeking justice for the loss of their loved ones.

¶12. Senator Martinez noted his Hispanic heritage, the growing importance of the Latino population in the U.S. and the importance of U.S. relations with the region. Senator Martinez highlighted the fact that the Hispanics are now the largest minority in the U.S. He offered himself as a link between the Argentine senators and the U.S. Senate, and called for stronger ties between the two groups.

¶13. Senator Thune asked about checks and balances and the Argentine Congress' role in intelligence oversight. Pichetto said that the Argentine Constitution was modeled on the U.S. Constitution and the role of the Argentine Congress in the system of checks and balances was also the same. Senator Daniele explained that Argentina has a civilian intelligence service, a law enforcement intelligence organization, and a military intelligence service. Daniele noted that the military intelligence service is prohibited from being involved in domestic intelligence activities. He said his committee would soon release the first-ever report on Argentine intelligence spending.

¶14. Senator Capitanich detailed Argentina's economic recovery over the past three years and Argentina's perspective of its trade relationships. Capitanich also highlighted President Kirchner's efforts to reduce Argentina's debt burden through the private debt exchange last year and the payoff of the IMF debt earlier this month. Capitanich said that the U.S. is one of Argentina's top trade partners. He said Mercosur was Argentina's most important trade relationship, followed closely by NAFTA. Capitanich concluded by discussing the challenges the GOA faces with rising health care costs, while noting that Argentina spends a higher percent of GDP on health care than any other country in the region.

¶15. During a brief press conference following the meeting, Senator Martinez and Argentine Senators expressed the hope that this meeting would be the beginning of a closer relationship between the two legislatures.

Meeting with Interior Minister Anibal Fernandez

¶16. Members of the CODEL and Ambassador Gutierrez discussed immigration, narcotics control, counter terrorism, the Tri-border area, and the challenges to private U.S. investment in Argentina with Minister of Interior Anibal Fernandez. Senator McConnell opened the meeting by thanking Fernandez for receiving the delegation and commenting on the warm reception and many useful meetings they had already had. Fernandez thanked the CODEL for visiting Argentina and stated that in the 1990's Argentine foreign policy was closely aligned with the U.S. but that since taking office President Kirchner had set out to establish an independent foreign policy. He opined that in a Latin American context, those who advocate a foreign policy not aligned with the U.S. were seen as being anti-U.S. He stated that his role has been to stress that while Argentine foreign policy is not aligned with the U.S. it is also not aligned against the U.S. In his opinion relations between the two countries are currently better than in the 90's era of "carnal relations." He added that one example of these strong relations was what he termed the positive meeting between President Kirchner and President George Bush during the recently completed Summit of the Americas held in Argentina.

¶17. Senator Burr praised Argentina's economic and social recovery since the country's economic turmoil and asked the Minister to comment on the Interior Ministry's efforts to normalize the status of Argentina's over one million illegal immigrants. Fernandez stated that until Kirchner took office Argentina did not have a coherent immigration policy and that any realistic approach to the problem had to first address those already living illegally in Argentina. As a first step, authorities dealt with aliens from outside the region (predominantly from Asia). He pointed to the 13,485 Asian immigrants recently normalized as an example of the GOA's efforts in this area. He added that the GOA was now focusing on illegal immigrants from Peru and MERCOSUR countries and predicted that by the end of 2006 all those currently residing in Argentina illegally will have had an opportunity to become legal.

¶18. In responses to a question about the status of narcotics control efforts Fernandez stated that while each of the forces involved in the struggle were making big efforts, without greater coordination they would be unable to succeed. He highlighted the Interior Ministry's plans to increase interagency coordination and the assistance provided by the DEA in this area. He added that his Ministry enjoys a close working relationship with the U.S. Embassy and that he encourages the DEA to work directly with individual agencies involved in narcotics interdiction.

¶19. Senator McConnell pointed out that one of the similarities between Argentina and the U.S. was that Argentina is the only country in the region that has suffered a terrorist attack linked to the Middle East. He also asked Fernandez to update the CODEL on the GOA's ongoing investigation into the AMIA bombing. Fernandez stated that those now responsible for the investigation were making a great effort, but that a long time had past since the tragic event. He acknowledged that the GOA's inability to bring those responsible to justice for more than ten years was hard to explain to the people of Argentina, but asserted that prior governments' inept handling of the case made the current government's task extremely difficult.

¶20. Senator Thune expressed concerns he had heard from U.S. businessmen in Argentina regarding GOA economic policies that disadvantaged foreign companies and discouraged foreign direct investment. Fernandez countered by explaining that currently Argentina benefits from exports to the U.S and wished to profit from U.S. imports as well. He added that for many years prior to Kirchner becoming president lucrative government contracts were never awarded to U.S. firms because those firms would not pay bribes. He pointed to the GOA's contract with Motorola for the purchase of radio equipment for the Federal Police as proof both of an increase in participation by U.S. companies in Argentina and

the GOA's fight against corruption. He added that if the Senator encountered a particular piece of legislation that unfairly inhibited a U.S. company he would personally resolve the issue.

Reception at Ambassador's Residence

¶21. The CODEL concluded its fact finding mission in Argentina with a reception hosted by Ambassador Gutierrez at his official residence. The guest list included over two-hundred business leaders, politicians, political analysts, former and current Argentine officials, U.S. Embassy personnel, and foreign dignitaries. The reception provided the Senators with an opportunity to discuss the issues raised during their time Argentina with embassy contacts and experts from across the Argentine political spectrum. Ambassador Gutierrez thanked the Senators for including Argentina in their schedule and wished them success on the remainder of their mission. Senator McConnell thanked the Ambassador for his hospitality and underscored the positive relationship that exists between Argentina and the United States, he also promised to share his impression and experiences with his colleagues in the Senate.

Comment

¶22. CODEL McConnell was the first major visit since the Summit of the Americas and the GOA response clearly demonstrated the GOA's eagerness to maintain close and constructive relations with the U.S. Prior to the arrival of the CODEL, which coincided with the visit of Assistant Secretary Tom Shannon, there had been speculation in the

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local press that the U.S. had downgraded relations with Argentina. The number and positive tone of all the high-level meetings offered by the GOA during the height of the local vacation season clearly indicated that the GOA is seeking to demonstrate its desire to maintain excellent relations with the U.S.. The presence of such a high-level CODEL was seen by both the GOA and local media as an indication that Argentina is an important part of U.S. policy consideration in the region. The message consistently delivered by the CODEL, that the U.S. was pleased the economic recovery of Argentina and valued Argentina as an important partner for stability in the region, demonstrably advanced U.S.-Argentine relations.

GUTIERREZ